Positively Affecting Employee Motivation

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Abstract

Corporate goals, such as sales quotas or increases in market share, do not always take into account employee motivation. Motivating employees is thus a challenge and an opportunity for firms that want to outperform their competitors. For a firm to achieve its goals, its employees must be motivated to perform effectively.

Empirical research conducted with employees of a subject firm, OAISYS, echoed theories published by leading authorities in journals, books, and online reports. These theories argue that monetary incentives are not the primary drivers for employee motivation. Clear expectations, communication of progress toward goals, accountability, and public appreciation are common primary drivers. A firm aiming to achieve superior performance should focus on these activities.
Introduction

All firms strive to maximize performance. Such performance is typically defined by one or more tangible measurements such as total sales, earnings per share, return on assets, and so on. The performance of a firm is created and delivered by its employees. Employees, however, are not necessarily motivated to do their part to maximize a firm’s performance. Factors that motivate employees can be much more complex than corporate goals. This report will define the problem of employee motivation in one company and examine potential solutions.

OAISYS is a small business based in Tempe, Arizona, that manufactures business call recording products. Currently OAISYS employs 27 people. The business has been notably successful, generating annual compound sales growth of over 20% during the last three years. The company’s management and board of directors expect revenue growth to accelerate over the coming three years to an annual compound rate of over 35%. This ambitious corporate goal will require maximum productivity and effectiveness from all employees, both current and prospective. OAISYS’s management requested an analysis of its current personnel structure focused on the alignment of individual employee motivation with its corporate goal.

Background on Current Human Resources Program

OAISYS is currently structured departmentally by function. It has teams for research and development, sales, marketing, operations, and administration. Every employee has access to the same
employment benefits, consisting of medical insurance, a 401(k) plan, flexible spending accounts, short- and long-term disability insurance, and the like.

Members of the sales team receive a yearly salary, quarterly commissions tied to sales quotas, and quarterly bonuses tied to the performance of specific tasks. These tasks can change quarterly to maintain alignment with strategic initiatives.

All employees not in the sales department receive a yearly salary and profit sharing at the end of the year. The formula for profit sharing is not known by the employees, and specific information about profits is infrequently communicated. When profitability is discussed, it is only in general terms. Key employees, as determined by the management, are given stock option grants periodically. This process is informal and very confidential.

**Disconnect Between Company and Employees**

One common assumption is that a human resources program such as OAISYS’s should be the platform for motivation. But monetary compensation is not the only driver of employee motivation (Dickson, 1973). In fact, studies have found that other factors are actually the primary drivers of employee motivation. Security, career advancement, the type of work, and pride in one’s company are actually the highest-rated factors in employee satisfaction (Accel TEAM, 2005).
These conclusions drawn from the empirical research of others are supported by interviews conducted with current OAISYS employees. Justin Crandall, a current design engineer, stated that his primary motivation is the opportunity to work with leading-edge development tools to pursue results of the highest quality (personal communication, March 1, 2006). Crandall’s strongest sense of frustration comes from a cluttered organizational structure because it restricts his ability to pursue innovative, high-quality results.

Todd Lindburg, the most senior design engineer on staff, had similar sentiments. His greatest motivator is the opportunity to create something lasting and important to the long-term success of the business (personal communication, March 2, 2006). JackWikselaar, vice president of sales, said he receives his strongest motivation from providing fulfilling job opportunities for others (personal communication, March 3, 2006).

These findings of what motivates employees tell only half the story. Other research (Motivating, 2006) suggests that businesses can actually demotivate employees through certain behaviors, such as the following:

- company politics
- unclear expectations
- unnecessary rules and procedures
- unproductive meetings
- poor communication
- toleration of poor performance

Doug Ames, manager of operations for OAISYS, noted that some of these issues keep the company from outperforming expectations: “Communication is not timely or uniform, expectations are not clear and consistent, and some employees do not contribute significantly yet nothing is done” (personal communication, February 28, 2006).

**Recommendations**

It appears that a combination of steps can be used to unlock greater performance for OAISYS. Most important, steps can be taken to strengthen the corporate culture in key areas such as communication, accountability, and appreciation. Employee feedback indicates that these are areas of weakness or motivators that can be improved. This feedback is summarized in Figure 1.

A plan to use communication effectively to set expectations, share results in a timely fashion, and publicly offer appreciation to specific contributors will likely go a long way toward aligning individual motivation with corporate goals. Additionally, holding individuals accountable for results will bring parity to the workplace.

One technique that might be effective is basing compensation on specific responsibilities. Rather than tying compensation to corporate profit, tying it to individual performance will result in direct correlation between results and reward. Those who do
what is necessary to achieve expected results will be rewarded. Those who miss the mark will be required to address the reasons behind their performance and either improve or take a different role. Professor of organizational behavior Jesper Sorenson (2002) has noted that “quantitative analyses have shown that firms with strong cultures outperform firms with weak cultures” (p. 70). Taking steps to strengthen the corporate culture is critical to the company’s success.

Figure 1. Areas of greatest need for improvements in motivation.
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